

MINUTES

KANSAS BUSINESS HEALTH POLICY COMMITTEE

September 2, 2004

Kansas Insurance Department

Topeka, Kansas

MEMBERS PRESENT:

Sandy Praeger, Chairman, Insurance Commissioner, Kansas Insurance Department
Pat Kaufman, Vice-Chair, Shawnee Mission
Lt. Gov. John Moore
Representative Willa DeCastro, Wichita
Senator Ruth Teichman, Stafford
Representative Sue Storm, Shawnee Mission
Scott Brunner, Medicaid Director, SRS
Matt Jordan, Kansas Department of Commerce

MEMBERS ABSENT:

Senator Henry Helgerson, Wichita
John Naramore, Lawrence
Janet Schalansky, SRS

OTHERS PRESENT:

Karen Braman, Deputy Director, Governor's Office of Health Planning and Finance
Bob Day, Director, Governor's Office of Health Planning and Finance
Wendy Dressler, Admin Assistant, Governor's Office of Health Planning and Finance
Barbara Langner, KU
Tom Steiner, Mercer Consulting
Barbara Torkelson, Kansas Insurance Department
Mark Whiting, Mercer Consulting

Kansas Business Health Policy Committee
September 2, 2004
10:00AM – 3:00PM, Kansas Insurance Department

Commissioner Praeger welcomed members of the Committee followed by introduction of Committee members and guests.

Commissioner Praeger announced that she has been appointed Chair of the Business Health Policy Committee. Pat Kaufman will serve as Vice-Chair.

Commissioner Praeger gave an overview of BHPC legislation and program intent to allow small businesses the opportunity to pool together into a larger purchasing coalition to provide affordable coverage to their employees. The BHPC was created in anticipation that there might be public dollars used as some form of subsidy to help pay premiums for low wage workers. The Committee has legislative and executive branch members as well as private sector members and is designed to provide oversight should public dollars become available. The goal was to have a private sector feel and create opportunity for purchasing lower cost coverage through the ability to pool and spread the risk over a larger group but to have public oversight in the event public dollars are put into the program. The Business Health Partnership has a Memorandum of Understanding with the BHPC. The Partnership is currently marketing a product, Allied's Cost Saver Plan. Allied currently has plans to revisit the components of the product being offered. Governor Sebelius is committed to dealing with the self-employed once we address the small business situation.

The Governor feels health care needs to be addressed this session. She is particularly interested in helping small businesses that are struggling to purchase health care coverage due to increasing costs. One of the things we want to do is bring some expertise to the table (i.e. Mercer) that can help the Committee understand what the market is going to look like, what decisions will need to be made, and what the impact and costs of those decisions are. The hope is to have a product out by January 2006. The HRSA grant is designed to look at a different way to stratify risk by pooling high risk people in order to reduce the cost for a business of the overall plan and small business to hold down pricing volatility. Small businesses don't offer insurance for three reasons: 1) it costs too much, 2) it costs too much for their employees, or 3) they might get into it but are worried about the volatility of offering a benefit whose pricing goes through the roof and then they are stuck.

Scott Brunner, SRS, presented an overview of public programs (Medicaid/SCHIP) and funding mechanisms. SRS's efforts to cover the uninsured include the Business Health Policy Committee legislation, Provider Assessment, and Working Healthy (Ticket to work buy-in program for people with disabilities). Benefit Plans include Title XIX Medicaid – Fee for Service, Title XIX Medicaid – Primary Care Case Management (PCCM) Managed Care, Title XXI/State Children's Health Insurance Program – HealthWave. Scott also gave an update on the Health Insurance Premium Payment System (HIPPS) and the challenges it faces. (Scott's presentation can be found at www.ksgovernor.org/healthPlanning/workgroups_hp.html under the Kansas Business Health Policy Committee link.)

Commissioner Praeger and Bob Day led a discussion on factors affecting insurance and Committee decision points about products to be offered. About 20% of people who are insured never make a claim on their insurance. You cannot take a group of businesses and put them together in a health plan and pool their risks because that creates adverse selection which is essentially groups of businesses buying insurance who have very low risk and groups who would be forced into a “sick pool”. The health plan that insures the “sick pool” is likely to go bankrupt. The ideal situation is to have the risk spread across as broad a base as possible. Most of the cost of healthcare is about sickness and the highest driver of sick care is in-patient hospital care. The saying is “20% drive 80% of the cost” which means a small number of people in a plan actually drive the cost. Many health plans have stop loss insurance or reinsurance. For example, FirstGuard has a stop loss of \$75,000, so at the point that any beneficiary has a cost above \$75,000 a second insurance company picks up that cost. FirstGuard pays a premium for reinsurance coverage. The Committee needs to think about whether they want to develop a plan that has a way of creating a secondary insurance carrier so the risk can be pooled. The issues of what it’s going to cost, the number of people we want to cover, and how much money is going to be available need to be balanced.

Tom Steiner, Mercer, reviewed several benefit plan options. Factors such as cost, access, quality and feasibility need to be considered in order to select the best option. Tom gave Committee members a handout of health plan benefit comparisons. There was a lengthy discussion regarding benefit coverage comparison in terms of insured responsibility vs. plan responsibility. (Tom’s presentation can be found at www.ksgovernor.org/healthPlanning/workgroups_hp.html under the Kansas Business Health Policy Committee link.)

The meeting was adjourned at 2:45 p.m.

Scheduled Meetings:

October 1, 2004 from 10:00am until 3:00pm in the 3rd floor conference room of the Kansas Insurance Department (420 SW 9th Street, Topeka, KS).

You may also check out our website at http://www.ksgovernor.org/healthPlanning/workgroups_hp.html for scheduled meeting dates, times, and locations as well as past meeting agendas, minutes and presentations.